

## Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-08 /025 R

DRAFTED BY OPIC/ID/MEA:CJBAZARIAN:ILK  
APPROVED BY EB/IFD/OIA:RJSMITH  
OPIC/DEV:RSSMITH  
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OPIC/AFR:BHENDERSON  
OPIC/GC:AMARRA  
OPIC/P:EABURTON  
AF/W:RKOTT  
EB/IFD/OIA:DGRANT

-----071266 260144Z /66

R 251953Z JUL 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LAGOS

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FROM OPIC

E.O. 11652: N/A

TAGS: EINV

SUBJECT: PROPOSED VISIT OF HIGH-LEVEL OPIC TEAM TO REVIVE  
INSURANCE PROGRAM -

1. SUMMARY. OPIC'S NEW MANAGEMENT IS REEXAMINING ITS  
AGREEMENT FOR INVESTMENT INSURANCE WITH THE FMG IN ORDER TO  
REVIVE THE INSURANCE PROGRAM IN NIGERIA. OPIC HAS MET WITH  
STATE DESK OFFICERS AND, SUBJECT TO EMBASSY AND STATE CON-  
CURRENCE, PROPOSES TO SEND HIGH-LEVEL OPIC TEAM IN OCTOBER  
TO REVIEW AND RESOLVE PROBLEMS OF OPERATION OF AN IN-  
SURANCE PROGRAM IN NIGERIA. WHILE OPIC OFFICIALS WOULD BE  
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PREPARED TO COME IN AUGUST, OPIC IS AWARE OF SERIES OF  
EVENTS THAT PRECLUDE EMBASSY/FMG INVOLVEMENT IN DISCUSSIONS  
AT ANY EARLIER DATE. END SUMMARY.

2. ON JULY 15, OPIC MET WITH DESK AND EB OFFICER TO BRIEF  
THEM ON THE EXTENT OF U.S. INVESTOR INTEREST IN NIGERIA,  
APPLICATIONS FOR OPIC INSURANCE, AND PROBLEMS OF ACQUIRING

FGA. OPIC PROVIDED A 28 PAGE "CHRONOLOGICAL SUMMARY OF NEGOTIATIONS WITH THE FMG WITH RESPECT TO THE OPIC INVESTMENT INSURANCE AND GUARANTEES" FROM 1960 TO PRESENT. OPIC ALSO PROVIDED A PAPER WHICH IDENTIFIES SIX PROBLEM ISSUES WHICH MAY BE RAISED IN CONNECTION WITH OPERATION

OF OPIC'S PROGRAM, TOGETHER WITH A SUGGESTED APPROACH FOR RESOLVING OUTSTANDING PROBLEMS. THE SIX ISSUES ARE AS FOLLOWS: (1) WAR RISK COVERAGE; (2) FGA PROCEDURES; (3) INDIGENIZATION/USG OWNERSHIP; (4) INVESTMENT CLIMATE; (5) FINANCE PROGRAM/NIGERIAN BANKING; AND (6) INTERNATIONAL CENTER FOR INVESTMENT DISPUTES. BOTH DOCUMENTS WILL BE POUCHED TO EMBASSY.

3. IF EMBASSY CONCURS ON VISIT, IT WOULD REQUIRE ADVANCE PREPARATION BY EMBASSY'S OPENING DOORS AT HIGH ENOUGH LEVELS TO BE PRODUCTIVE. OPIC HAS A NEW ADMINISTRATION WHICH IS WILLING TO EXERCISE GREATER FLEXIBILITY TO MEET THE PROBLEMS EXPRESSED BY FMG AND HAS NEW POLICIES, SUCH AS FOR MINERAL EXPLORATION WHICH WOULD BE OF SIGNIFICANT INTEREST TO THE FMG. FURTHERMORE, NO HIGH-LEVEL OPIC REPRESENTATIVE HAS REVIEWED FGA QUESTION WITH NIGERIANS SINCE NEW GOVERNMENT CAME IN, JULY 1975. MOREOVER, OPIC'S APPROACH WOULD INCLUDE A RANGE OF OPTIONS FOR TEAM'S PROPOSED DISCUSSIONS WITH FMG INCLUDING: (A) FULLY IMPLEMENTING EXISTING BILATERAL AGREEMENT FOR LIMITED OFFICIAL USE

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INSURANCE; (B) PROCEEDING WITH EXISTING AGREEMENT, BUT EXCLUDING WAR/REVOLUTION/INSURRECTION COVERAGE WHICH FMG OPPOSES; (C) LIMITING OPIC'S INSURANCE PROGRAM TO THE CONSTRUCTION AND OTHER SERVICES PROGRAM, RATHER THAN TRADITIONAL DEBT AND EQUITY INVESTMENT INSURANCE, OFFERING INSURANCE ONLY TO FMG CONSTRUCTION AND SERVICE CONTRACTS AND SEEKING "AUTOMATIC" FGA PROCESS FOR THIS LIMITED PURPOSE IN ORDER TO ALLEVIATE THE CUSTOMARY FGA REQUIREMENT; (D) IF NONE OF FOREGOING IS ACCEPTABLE, THEN INFORMING FMG THAT, WHILE OPIC DOES NOT INTEND TO TERMINATE THE BILATERAL, IT WILL HAVE TO ADVISE ALL APPLICANTS FOR INSURANCE THAT THEIR CHANCES OF GETTING IT ARE POOR.

5. OPIC HOPES THAT ABOVE MAY BE BROACHED DURING PROPOSED HIGH-LEVEL FMG VISIT HERE IN OCTOBER AND THEREFORE OPIC PROPOSED VISIT DURING LATE OCTOBER WOULD BE OPPORTUNE AS FOLLOW-UP.

6. OPIC WOULD APPRECIATE EMBASSY COMMENTS ON PROPOSED VISIT AS WELL AS ON TACTICS SUGGESTED. DECONTROL JULY 21, 1979. VANCE

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## Message Attributes

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**Type:** TE  
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**Review Markings:**  
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